

RESOLUTION

AUTHORIZING THE DIRECTOR OF BUDGET AND FISCAL SERVICES TO INVEST IN SHORT TERM INVESTMENTS OF CITY MONEYS IN EXCESS OF THE AMOUNTS NECESSARY FOR THE MEETING OF IMMEDIATE REQUIREMENTS.

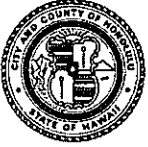
WHEREAS, there is a need to supersede Resolution 98-295, CD1, adopted December 2, 1998, relating to short term investments of City moneys in excess of amounts necessary for meeting immediate requirements; and

WHEREAS, it is desirable to provide the Director of Budget and Fiscal Services latitude for exercise of discretion to obtain maximum return in the investment of City moneys which are deemed to be in excess of the amounts necessary for the meeting of immediate requirements; and

WHEREAS, Section 46-50, Hawaii Revised Statutes, authorizes the Director of Budget and Fiscal Services, with the approval of the City Council ("Council"), to invest any City moneys which are in excess of the amounts necessary for the meeting of immediate requirements in certain securities and investments (similar to the authority given to the State Director of Budget and Finance), and reads as follows:

"§46-50 Short term investment of county moneys. (a) The director of finance of each county may, with the approval of the legislative body, invest county moneys that are in excess of the amounts necessary for the meeting of immediate requirements when in the judgment of the legislative body the action will not impede or hamper the necessary financial operations of the county in:

- (1) Bonds or interest-bearing notes or obligations:
 - (A) Of the county;
 - (B) Of the State;
 - (C) Of the United States; or
 - (D) Of agencies of the United States for which the full faith and credit of the United States are pledged for the payment of principal and interest;
- (2) Federal Farm Credit System notes and bonds;
- (3) Federal Agricultural Mortgage Corporation notes and bonds;



RESOLUTION

- (4) Federal Home Loan Bank notes and bonds;
- (5) Federal Home Loan Mortgage Corporation bonds;
- (6) Federal National Mortgage Association notes and bonds;
- (7) Securities of a mutual fund whose portfolio is limited to bonds or securities issued or guaranteed by the United States or an agency thereof;
- (8) Tennessee Valley Authority notes and bonds;
- (9) Repurchase agreements fully collateralized by any such bonds or securities;
- (10) Federally insured savings accounts;
- (11) Time certificates of deposit;
- (12) Certificates of deposit open account;
- (13) Bonds of any improvement district of any county of the State; provided that the bonds are of investment grade or supported by the general obligation pledge of the county in which the improvement district is located;
- (14) Bank, savings and loan association, and financial services loan company repurchase agreements;
- (15) Student loan resource securities including:
 - (A) Student loan auction rate securities;
 - (B) Student loan asset-backed notes;
 - (C) Student loan program revenue notes and bonds; and
 - (D) Securities issued pursuant to Rule 144A of the Securities Act of 1933, including any private placement issues;

issued with either bond insurance or overcollateralization guaranteed by the United States Department of Education; provided all insurers maintain



RESOLUTION

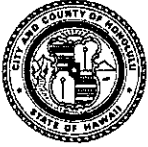
a triple-A rating by Standard & Poor's, Moody's, Duff & Phelps, Fitch, or any other major national securities rating agency;

- (16) Commercial paper with an A1/P1 or equivalent rating by any national securities rating service;
- (17) Bankers' acceptances with an A1/P1 or equivalent rating by any national securities rating service; and
- (18) Securities of a money market fund that is rated A'AA, or its equivalent, by a nationally recognized rating agency or whose portfolio consists of securities that are rated as first tier securities by a nationally recognized statistical rating organization as provided in title 17 Code of Federal Regulations section 270.2a-7;

provided the investments are due to mature not more than five years from the date of investment. The income derived therefrom shall be deposited in the fund or funds that the legislative body shall direct; provided that if any money invested under this section belongs to any waterworks fund, then any income derived therefrom shall be paid into and credited to the fund.

(b) Except with respect to an early withdrawal penalty on an investment permitted by this section, the amount of such penalty being mutually agreed at the time of acquisition of such investment, no investment permitted by this section shall require or may in the future require payments by the county, whether unilateral, reciprocal, or otherwise, including margin payments, or shall bear interest at a variable rate which causes or may cause the market price of such investment to fluctuate; provided that such limitation shall not apply to money market mutual funds which:

- (1) Invest solely in:
 - (A) Direct and general obligations of the United States of America; or
 - (B) Obligations of any agency or instrumentality of the United States of America, the payment of the principal and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America;
- (2) Are rated at the time of purchase "AAAm-G" or its equivalent by Standard & Poor's Ratings Group; and



RESOLUTION

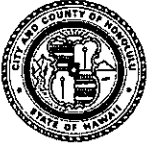
- (3) Are open-end management investment companies regulated under the Investment Company Act of 1940, as amended, which calculate their current price per share pursuant to Rule 2a-7 (title 17 Code of Federal Regulations section 270.2a-7) promulgated under such act.

(c) Furthermore, a county shall not acquire any investment or enter into any agreement in connection with the acquisition of any investment or related to any existing investment held by the county, which would require or may in the future require any payment by the county, whether unilateral, reciprocal, or otherwise, such as swap agreements, hedge agreements, or other similar agreements. For purposes of this subsection, payment for a swap agreement or hedge agreement means any payment made by the county in consideration or in exchange for a reciprocal payment by any person, including a variable rate payment in exchange for a fixed rate payment, a fixed rate payment in exchange for a variable rate payment, a payment when a cap or a floor amount is exceeded, or other similar payment"; and

WHEREAS, the Council deems it in the public interest that City moneys that are to be invested in bank savings accounts, or in time certificates of deposit, or in certificates of deposit open account should be invested with banks located within the State; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu;

1. That Resolution 98-295, CD1, adopted December 2, 1998, is hereby superseded; and
2. That the Director of Budget and Fiscal Services be and is hereby authorized to invest, at the Director's discretion, in any security or investment as authorized by Section 46-50, Hawaii Revised Statutes, City moneys deemed to be in excess of the amount necessary for the meeting of immediate requirements, except that the Director shall request and receive the approval of the City Council before investing in bank savings accounts, or in time certificates of deposit, or in certificates of deposit open account if such investments are not made with banks located within the State; and
3. That the Director be and is hereby authorized to deposit any interest income derived from investments made pursuant to the said Section 46-50 into the General Fund of the said City and County of Honolulu, except as otherwise provided by law, or by ordinance or resolution providing for the issuance of and security for bonds of the City; and



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 18-115, CD1

RESOLUTION

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Director of Budget and Fiscal Services and the Chief of Treasury.

INTRODUCED BY:

Ernest Y. Martin (br)

DATE OF INTRODUCTION:

May 30, 2018
Honolulu, Hawaii

Councilmembers

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
C E R T I F I C A T E

RESOLUTION 18-115, CD1


Introduced: 05/30/18 By: ERNEST MARTIN – BY REQUEST Committee: BUDGET

Title: RESOLUTION AUTHORIZING THE DIRECTOR OF BUDGET AND FISCAL SERVICES TO INVEST IN SHORT TERM INVESTMENTS OF CITY MONEYS IN EXCESS OF THE AMOUNTS NECESSARY FOR THE MEETING OF IMMEDIATE REQUIREMENTS.

Voting Legend: * = Aye w/Reservations

06/27/18	BUDGET	CR-225 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION AS AMENDED IN CD1 FORM.
07/11/18	COUNCIL	CR-225 AND RESOLUTION 18-115, CD1 AS AMENDED WERE ADOPTED. 8 AYES: ANDERSON, ELEFANTE, FUKUNAGA, MANAHAN, MARTIN, MENOR, OZAWA, PINE. 1 ABSENT: KOBAYASHI.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.



GLEN I. TAKAHASHI, CITY CLERK



ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER